CALFRESH REQUEST FOR POLICY INTERPRETATION

PI# 18-09

INSTRUCTIONS: Complete items 1 - 10 on the form. Use a separate form for each policy interpretation request. If additional space is needed, please use the second page. Retain a copy for your records and submit via email to CalFresh-PI@dss.ca.gov.

Please note: the policy interpretation provided is based on the unique set of facts presented and should not be assumed to apply in all scenarios.

1. RESPONSE NEEDED DUE TO:
   - ☑ Policy/Regulation Interpretation
   - ☐ QC
   - ☐ Other:

5. DATE OF REQUEST: 01/12/2018

NEED RESPONSE BY: 01/31/2018

6. COUNTY/ORGANIZATION: El Dorado County HHSA

7. SUBJECT: IRT and Self-Employment Income

2. REQUESTOR NAME:

3. PHONE NO.: EMAIL:

8. REFERENCES: *(Include ACL/ACIN, court cases, etc. in references)*
NOTE: All requests must have a regulation cite(s) and/or a reference(s).

SAR2

4. REGULATION CITE(S): 63-503.415

9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

Scenario: CalFresh household with IRT of 1307.00 effective 10/1/2017. Client reports going over IRT 11/28/2017 with self-employment (SE) income of 1615.00 (gross). Case was updated and CF benefits reduced. New SAR2 notice stated the Current Income as 969.00 and IRT as 1307.00.

Per regs, SE income is "gross self-employment income (including capital gains), exclude the cost of producing the self-employment income [actual receipts or standard 40% deduction]" and as clients opted for the standard 40% deduction, the reported 1615.00 - 40% = 969.00. 'Gross' SE income where CF budgeting is concerned is 969.00.

The SAR2 only states to report SE income, not SE income less allowable expenses, so clients were unaware that they weren't over IRT unless their gross SE income was 2179.00 (less 40% standard deduction = 1307.00, thus over IRT). -->

10. REQUESTOR'S PROPOSED ANSWER:

1. Unsure. It seems unreasonable to expect clients to know to report SE income less SE expenses when reporting going over the IRT. Perhaps a conversation with the client reporting SE income for possibly being over the IRT is needed prior to considering it VUR and something that must be acted upon?

2. It appears clients should be clearly notified about how SE income is calculated and what exactly counts in regard to their IRT, which would mean counties should make this part of application/recertification/SAR processing procedures.

3. I don't see that this is a discussion anywhere within the C-IV consortia as a change request.

11. STATE POLICY RESPONSE *(CFPB USE ONLY)*:

See 2nd page for CDSS response

FOR CDSS USE

DATE RECEIVED:	DATE RESPONDED TO COUNTY/ALJ:
1/17/2018	1/29/2018 DAWM

CALFRESH REQUEST FOR POLICY INTERPRETATION (Continued)

PI#18-09

1. RESPONSE NEEDED DUE TO: ☑ Policy/Regulation Interpretation ☐ QC ☐ Other:	5. DATE OF REQUEST: 01/12/2018 — NEED RESPONSE BY: 01/31/2018 6. COUNTY/ORGANIZATION: El Dorado County HHSA 7. SUBJECT: IRT and Self-Employment Income
2. REQUESTOR NAME:	8. REFERENCES: *(Include ACL/ACIN, court cases, etc. in references)* **NOTE: All requests must have a regulation cite(s) and/or a reference(s).** SAR2
3. PHONE NO.: — EMAIL:	
4. REGULATION CITE(S): 63-503.415	

Questions are as follows:

1. If clients with SE income report going over their IRT, but their reported income does not take into account their SE Expenses, are we to take this as VUR and update the case / reduce benefits? Even though clients are not made aware that "gross SE income" is not the same as other "gross income," and they actually weren't over IRT when they thought they were?

2. Is this a point that should be made clear to clients upon application and recertification interviews? That when reporting SE income for IRT, the reported income needs to be gross receipts excluding SE expenses?

3. Is there consideration to update the SAR2 to reflect reportable income (where IRT is concerned) is "gross self-employment income (including capital gains), exclude the cost of producing the self-employment income [actual receipts or standard 40% deduction]"?

CDSS Response:

1. Clients must report any gross income received over their IRT. Per MPP 63-503.415, the CWD shall add all gross self-employment income and exclude the cost of producing the self-employment income. When taking action on reports of self-employment income over IRT, it is the CWD's responsibility to factor in the appropriate deduction prior to discontinuing the CalFresh case or reducing benefits.

2. Clients must be clearly informed of their deduction options for self-employment income at both application and recertification. Although clients must be informed regarding how self-employment income is calculated, it is not their responsibility to perform this calculation or to report income over their IRT that is equal to their gross self-employment income minus any deductions. Per MPP 63-503.411, clients are to report their actual amount of self-employment income. This is their gross income over IRT before any deductions are factored in. Deduction calculations are to be done by the CWD.

3. There is no consideration to update the SAR 2 at this time. The SAR 2 does not reference self-employment income specifically. It correctly instructs clients to report their total income over the IRT before any deductions are removed. This includes any applicable self-employment deductions. For reports of self-employment income over the IRT and before taking action on the CalFresh case, the CWD must exclude the cost of producing the self-employment income (either actual expenses or the standard 40 percent deduction), update the case record, and make any adjustments to CalFresh benefits.